

Baldwin-United tied to unsavory Democrats

by Renée Sigerson

On Sept. 26, the Baldwin-United financial services company of Cincinnati, Ohio filed for a Chapter 11 bankruptcy reorganization. An effort to sanitize the company's \$600 million in defaulted debt by selling off viable subsidiaries, launched this past July by its recently appointed chairman, Victor Palmieri, was apparently judged unsuccessful by some of Baldwin's creditors. Now, both Merrill Lynch and Chemical Bank of New York—the two largest holders of Baldwin's unsecured debt—are expected to lose over \$30 million each in writeoffs.

While it will be many months before the true story of who created Baldwin-United and how begins to be made known, it should be expected that the ripple effects of the Baldwin reorganization will be felt not only throughout Wall Street, but in many other locations as well. More important than its far-flung financial activities is the fact that the company since approximately 1979 was becoming an umbrella for transfers of funds into regional Democratic Parties. The friendship during those early years between then-Baldwin chairman Morley Thompson and Caribbean-based financier Daniel K. Ludwig, and the mutual exchange of loans between them, suggest that organized-crime activities were one source of funds for this umbrella. Additionally, if one takes Baldwin's most notorious director, Max Karl, at his word, the people who created Baldwin considered themselves "pro-Israeli Kennedy Democrats."

The shutdown of Baldwin is also related to the obliteration last spring by the Federal Deposit Insurance Corporation of the Butcher family banking network of Tennessee and Kentucky, which was similarly an important conduit for political funding for that area's Democratic Party. While the Butchers and Baldwin were lending each other money, and holding each others' worthless paper until last March, there apparently existed some differences between their international connections: the Butchers were linked to that part of the Democratic Party controlled by Jimmy Carter's friend, Bert Lance, which has become involved with the Pakistani, Kuwaiti, and the Libyan bankers.

Two of Baldwin's subsidiaries have long-term associa-

tions with Democratic Party factions: the National Farmers Union Casualty and Property Company of Cedar Rapids, Iowa and the Mortgage Guaranty Insurance Corporation, of Milwaukee, Wisconsin. In addition, it is noteworthy that its AMBIC bond insurance subsidiary, which is based in New York, is in the middle of a hot political fight in Washington state over nuclear power plant construction. AMBIC is the chief guarantor of bonds issued by the Washington Public Power Supply Service (WPPSS), for nuclear plant construction. Environmentalist court actions are forcing cancellation of the plants, which has resulted in defaults on the bonds. AMBIC, presumably, will now have to mediate the issuance of guarantees for those bonds.

Financial shells

These three entities—MGIC, NFU, and AMBIC—all exist on the same principle. They collect private insurance on home construction, farming and bond issuance, three areas where the federal government is itself conducting a large volume of insurance guarantee business. These corporate entities under Baldwin's control work on the fringes of these markets, where the federal government, for one reason or another, cannot operate.

Last year, during hearings held on the shutdown of the Butcher banks, Federal Deposit Insurance Corporation president William Isaac stated before Congress that the Butcher case proved that private insurance corporations of exactly this type should now be legislated by Congress to help the FDIC insure the banking industry. Currently, no such private sector reinsurance/guarantee companies exist for banking activities.

Isaac, apparently oblivious to the suspicious coincidence of referencing Baldwin-United at hearings on the Butcher banks, cited MGIC by name as the model for such a private banking system insurance corporation.

Other subsidiaries of the Baldwin-United network are insurance companies registered in Arkansas, under the name of National Investors Life Company. Arkansas politics are dominated by a faction in the Democratic Party committed to turning Sen. Dale Bumpers into a Presidential candidate. The Arkansas Insurance Commissioner's office is now the chief arbiter determining the fate of Baldwin's assets.

These elements in the Arkansas Democratic Party want to dominate the Democratic Party throughout the corn belt—an endeavor in which they might be greatly assisted by such institutions as NFU Property and Casualty. Acquired by Baldwin-United in the late 1970s, NFU is an arm of the National Farmers Union, a Denver-based farmers' organization which has an extensive base in the grain belt. It is one of the leading insurance firms now selling government-subsidized multi-peril crop reinsurance, which, because of the role of the government as reinsurer, allows NFU to collect insurance "dues" from farmers at very little risk.

The latest *Executive Intelligence Review* quarterly forecast for the U.S. economy will document the fact that the Federal Reserve Board, the official source for industrial production indices, has been underestimating inflation and overestimating industrial output by as much as 80 percent to show an "economic recovery."

This recovery hoax has been used during the past 12 months by Secretary of State Shultz and the Treasury Department to persuade the President and much of the U.S. business community that the crisis of unpayable international debt would be overcome, and that the man most responsible for forcing the U.S. economy into depression, Paul Adolph Volcker, should be reappointed as Fed chairman.

EIR's latest survey shows the opposite of a recovery: a projected 2 to 4 percent decline in industrial output for 1983. Accurate economic intelligence is vital for any business, international investor, or policymaker.

EIR has now expanded its uniquely accurate LaRouche-Riemann Quarterly Economic Forecast to incorporate, for the first time anywhere, entirely independent survey data for the major U.S. production indices, gathered by *EIR* directly from manufacturing sources.

**Special Offer:
New EIR Quarterly Economic Forecast**

The Fed's Recovery Statistics Have No Clothes

- I. Executive Summary**
- II. General Statistical Forecast**
 - a) U.S. Economy as a Whole
 - b) Standard Industrial Category Sectors
- III. Status of Basic Economic Infrastructure**
- IV. Status of Selected Sectors of Production**
- V. Status of Monetary Crisis**
 - a) General Financial Collapse
 - b) OECD Debt/Equity Ratios' Movement
 - i) U.S.A. Debt Crisis
 - ii) European Debt Crisis Skyrockets
- VI. Fraud in U.S. Government Statistical Reporting**
- VII. Policy Options Available to the President**
- VIII. Improvements in LaRouche-Riemann Forecasting Policy**

Special offer for *EIR* subscribers only, \$250.00

This third-quarter *EIR* Economic Forecast for 1983-84 is available as of Oct. 15, 1983. Price: \$1,000. For further information, call or write William Engdahl, Special Services, 304 West 58th Street, New York, New York 10019, (212) 247-8820 or (800) 223-5594 x818.
